January 31, 2006

William A. Bonnet
Vice President
Government & Community Affairs

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PUBLIC UTILITIES
COMMISSION

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, 1st Floor
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 05-0069
Energy Efficiency Docket

This responds to the comments filed on January 10, 2006 by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate"), the Department of the Navy on behalf of the Department of Defense ("DOD"), the Hawaii Solar Energy Association ("HSEA"), and the Hawaii Renewable Energy Alliance ("HREA") with respect to Hawaiian Electric Company, Inc.'s ("HECO") December 5, 2005 request for Commission approval of modifications to its existing energy efficiency demand-side management ("DSM") programs, and also approval of a new interim DSM program, collectively referred to as HECO's "Interim DSM Proposals". HECO is not submitting a response to the comments filed by the Rocky Mountain Institute ("RMI") as there is nothing in RMI's filing that necessitated a response by HECO.

In its December 5, 2005 request for Commission approval of its Interim DSM Proposals, HECO provided extensive information on its proposals, including 1) detailed information on the proposed DSM program modifications and new interim DSM program, 2) program budgets and forecasted demand and energy savings impacts, 3) background information on HECO's existing DSM programs, 4) the rationale for the Interim DSM Proposals, and 5) the relationship of the Interim DSM Proposals to HECO's reserve capacity situation.

To briefly recap the need for the Interim DSM Proposals, they are necessary in order to provide HECO with additional megawatts ("MW") of peak demand savings in order to help address its current reserve capacity situation. HECO is requesting approval of its Interim DSM Proposals in order to help address the reserve capacity shortfall cited in its 2005 Adequacy of Supply report, filed March 10, 2005, thereby achieving additional peak load reductions pending

the completion of the Energy Efficiency Docket. Implementation of accelerated DSM initiatives can help mitigate the shortfall by lowering the peak demand that HECO's units and independent power producer generators need to serve and by increasing the reserve margin. The Interim DSM Proposals also offer enhanced energy savings opportunities to HECO's residential and commercial and industrial customers, and are a natural transition to the expanded portfolio of DSM programs that HECO is proposing in the subject proceeding.

As stated in their respective January 10, 2006 filed comments, the Consumer Advocate, HSEA and RMI support Commission approval of HECO's Interim DSM Proposals.[1] Notwithstanding this support for Commission approval, the parties also provided additional commentary on issues with respect to 1) HECO's Interim DSM Proposals, including its cost recovery and incentive mechanisms, and 2) DSM program planning in general and its relationship to the integrated resource planning process and renewable/energy efficiency portfolio standards.

In Exhibit A, HECO briefly responds to the some of the commentary provided by the parties. HECO maintains that while much of the commentary provided by the parties is beyond the scope of its Interim DSM Proposals, HECO appreciates the effort undertaken by the parties to raise these issues and looks forward to the parties elaborating (as appropriate) on these issues in their respective preliminary statement of position to be informally exchanged on February 15, 2006. The parties' preliminary statements of position can then serve as the basis for discussion at the settlement discussions meeting scheduled for the week of March 27, 2006. (The above cited procedural steps were included in the both of the parties' proposed prehearing orders, filed on October 7, 2005, that are under consideration by the Commission.)

Summary

HECO respectfully requests that the Commission approve its requested Interim DSM Proposals on an expedited basis.[2] This will allow HECO to expeditiously implement the Interim DSM Proposals in order to help address the reserve capacity shortfall cited in its 2005 Adequacy of Supply report, thereby achieving additional peak load reductions pending the completion of the subject Energy Efficiency Docket. Implementation of accelerated DSM initiatives can help

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[1] For the Consumer Advocate, see its filed comments at pages 3 and 8. For HSEA, see its filed comments at page 5. For RMI, see its filed comments at page 2 following its cover page (RMI's comments did not include page numbers). DOD's one page filed comments only addressed the recovery mechanism portion of HECO's Interim DSM Proposals. HREA's filed comments, at page 2, stated it is "basically neutral regarding the merits of HECO's Proposed Interim DSM Programs", and also included other comments on DSM program planning.

[2] Both proposed prehearing orders filed on October 7, 2005 propose that the Commission render a decision on HECO's Interim DSM Proposals subsequent to the filing of this reply statement but while the proceeding is in progress.

mitigate the shortfall by lowering the peak demand that HECO's units and independent power producer generators need to serve and by increasing the reserve margin.

Sincerely,

Attachment

cc: Division of Consumer Advocacy
K. Davoodi
R. Young, Esq.
B. Moto, Esq.
H. Curtis
K. Datta
C. Freedman
R. Reed
W. Bollmeier II
J. Crouch
H. A. Dutch Achenbach
G. T. Aoki, Esq.
L. D. H. Nakazawa, Esq.

Exhibit A
Hawaiian Electric Company, Inc.
Interim DSM Proposals

This represents HECO's response to comments filed January 10, 2006 by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate"), the Department of the Navy on behalf of the Department of Defense ("DOD"), the Hawaii Solar Energy Association ("HSEA"), and the Hawaii Renewable Energy Alliance ("HREA") with respect to HECO's December 5, 2005 request for Commission approval of modifications to its existing energy efficiency demand-side management ("DSM") programs, and approval of a new interim DSM program, collectively referred to as HECO's "Interim DSM Proposals". HECO is not submitting a response to the comments filed by the Rocky Mountain Institute ("RMI") as there is nothing in RMI's filing that necessitated a response by HECO.

Comments Specific to
HECO's Interim DSM Proposals

Page 3 of Consumer Advocate's comments
The Consumer Advocate anticipates that the Interim DSM Proposals will be temporary.

As stated in the December 5, 2005 request, the Company is requesting Commission approval of its Interim DSM Proposals on an interim basis, pending the resolution of the subject Energy Efficiency Docket.

Page 9 of Consumer Advocate's comments
The Consumer Advocate suggests that HECO's estimate of peak demand savings from the distribution of 180,000 CFLs is inaccurate. The Consumer Advocate contends that if each 20 watt CFL replaces a 60 watt incandescent, then the peak reduction should be (60 watts – 20 watts) times 180,000 lamps or 7,200 kW.

The Consumer Advocate's calculation does not take into account a number of additional factors that effect peak load reduction. For example, not all of the installed lamps are assumed to be on at the same time as HECO's system peak. This is called the diversification of the end-use DSM measure. In addition, as with all DSM programs, not all CFLs sold in this campaign will actually get installed by the customers. And finally, some CFLs that are purchased by customers during this DSM program will be purchased by customers that would have purchased and installed CFLs in the absence of the program. These customers are called "freeriders" and HECO does not take credit for the savings they create. Consequently, the net savings produced by a utility DSM program are reduced by the effects of freeriders. The 2,470 kW and 13,244,696 kWh per

year that HECO estimates as the impacts of this program takes into account all the factors mentioned above.

Page 10 of Consumer Advocate's comments

On page 10, the Consumer Advocate points out that the energy and demand impacts included in the program description are different from those included in the back-up spreadsheets provided as Exhibit B to HECO's request for approval of the Interim DSM. On page 11 of the exhibit the impacts are represented as 2,196 kW and 11,765,263 kWh, whereas on page 12 the impacts are represented as 2,101 kW and 11,257,991 kWh.

These numbers are in fact consistent with each other. These numbers represent the effects of the DSM program at different reference points within the HECO electrical system. In a DSM program the reduction in energy use occurs at the customer's premises; however, in order for HECO to supply that level of energy and demand at the customers site HECO's generators need to produce enough energy to supply the load, plus enough energy to overcome losses sustained in delivering that energy and enough energy to run the auxiliary equipment at the power plant needed to produce that energy. This gives rise to a number of ways of looking at that savings. When HECO looks at only the energy saved at the customer's premises, for example when calculating the actual revenue lost, HECO calls this customer level savings. However, in system modeling and planning HECO calculates the effect the DSM program has at the bus bar of the power plant. This is called net-generation level savings. In calculating the net-generation savings of a DSM program only line losses sustained in transmitting and distributing the energy are added to the customer level savings. However, when HECO calculates the entire impact of a DSM program on the electrical system not only are line losses added back into the equation but also the savings in auxiliary load at the power plant which were also reduced.

On page 11, it was estimated that 60,000 units would participate (180,000 bulbs, 3 bulbs per household) at a unit savings (gross customer level) of 196 kWh and 0.037 kW. Thus, the gross customer savings (aggregate to the population) would be 2,196 kW and 11,765,263 kWh. On page 12, accounting for line losses and auxiliary loads at the power plants, the gross system savings would be 2,472 kW and 13,244,696 kWh. Then, for cost-effectiveness purposes, HECO applied the net-to-gross ratio of 0.85 (assuming an industry benchmark-based estimate of 15% free ridership). That then resulted in the net system savings estimates of 2,101 kW and 11,257,991 kWh.

Page 11 of Consumer Advocate's comments

The Consumer Advocate contends that it is not necessary for HECO to have the flexibility to increase the proposed incentive levels for CFLs since the lighting products that will be available for sale are generally known and available to the Company.

As stated in Exhibit B (pages 4 and 5) of HECO's December 5, 2005 Interim DSM Proposal filing, HECO requested approval to offer customer incentives for the purchase of certain types of CFLs that ranged from $1 to $5. HECO's requested customer incentive level flexibility would be beneficial to the program as the price for the CFLs varies widely throughout the year and by manufacturer and retailer, and the promotional package surrounding the delivery of the incentive may require different levels. However, in order to decrease the number of issues surrounding the Interim DSM Proposals, for purposes of the Interim Energy $olutions for the Home Program, HECO will agree to apply the "Suggested Incentives" in Table 1 – CFL Prices and Suggested Incentives" on page 5 of Exhibit B from HECO's December 5, 2005 Interim DSM Proposals filing. For purposes of the Interim Energy $olutions for the Home Program, the Company will request Commission approval before offering customer incentives other than those presented in the table.

Page 11 of Consumer Advocate's comments
The Consumer Advocate discusses the different approaches to delivering the CFLs contending that without a preprinted card with the customer's address and account number it would be "impossible" to "effectively" evaluate the performance of the program.

While HECO appreciates the Consumer Advocates observation and to some degree agrees with their assessment that approach does make it more difficult to determine the impacts, it is possible to estimate the results using the approach proposed by HECO. One way of estimating the results is working with the local wholesale distributors of CFLs, as HECO has already done in its pilot conducted in the fourth quarter of 2005, to determine the level of sales of CFLs before the program with the level of sales during the program. While its true that not all CFLs sold on Oahu end up installed in lamp fixtures on Oahu that are on during HECO's system peak, this information can be obtained more cost effectively through telephone surveys.

Notwithstanding the level of difficulty in evaluating the impacts of the DSM program, HECO had to make some decisions on how best to encourage customers to purchase and install CFLs. In designing this program, HECO elected to go with the most efficient way to distribute a large number of CFLs. Experience from other jurisdictions has shown that the instant rebate is the most effective way to get customers to purchase and install CFLs. The mechanism that the Consumer Advocate suggests, i.e., sending coupons preprinted with the customer's address and account number, certainly does make the evaluation easier, but it also introduces a number of barriers that limit participation. For instance, some customers will want to purchase and install more than one CFL. Preprinted coupons, even if they are designed for more than one CFL, will have to prescribe some limit. Customers who wish to buy more CFLs than the limit would have to specifically request another coupon from HECO. This additional step could dissuade some customers from purchasing more CFLs. In addition,

waiting for the preprinted coupon to arrive in the mail may also limit some customers from participating.

Page 13 through 15 of Consumer Advocate's comments
On page 13 the Consumer Advocate points out that some of the information for the CIEE program on page 4 are different from the benefit cost ratios shown on page 8. This question similarly applies to the CINC and CICR programs.

This is an error, where results from a previous analysis were inadvertently expressed in the tables on page 4. This is also true for the benefit cost ratios expressed on page 4 for CINC and CICR programs. The correct benefit cost ratios for the CIEE Program are expressed on page 8, specifically the correct result for the Utility Cost Test is 3.18, the TRC is 1.65, the Participant Test is 1.82, and the RIM Test is 0.85. The correct benefit cost ratios for the CINC Program are expressed on page 11, specifically the correct result for the Utility Cost Test is 3.75, the TRC is 1.80, the Participant Test is 1.99, and the RIM Test is 0.86. The correct benefit cost ratios for the CICR Program are expressed on page 14, specifically the correct result for the Utility Cost Test is 5.66, the TRC is 1.38, the Participant Test is 1.32, and the RIM Test is 0.97. The Company will file a revised page 4 in the near future.

Page 16 of Consumer Advocate's comments
The Consumer Advocate requests more information concerning the assumptions and development of budgetary numbers in the proposals.

In general, these assumptions and the development of budgetary estimates are based on experience and analysis of programs in other jurisdictions such as California. The Company responded to the CA's initial request and provided additional budgetary information in its December 5, 2005 filing. The Company is not sure what specific additional information the Consumer Advocate is seeking. With respect to the full scale DSM proposals, as part of the procedural schedule in this docket, the Consumer Advocate will have the opportunity to ask additional questions in this area.

Page 16 of Consumer Advocate's and DOD's comments
The Consumer Advocate questions the basis for the assumptions used in the cost effectiveness analysis. Specifically the 3.8% per year rate of inflation.

The 3.8% inflation rate was used in the Company's 2005 test year rate case analysis. The Company has performed a sensitivity analysis using lower inflation rates concerning the inflation rate and found that the all the interim DSM proposals continued to pass the Total Resource Test and are cost effective. However, the Company will revise the inflation rate in future analysis to reflect rates consistent with the IRP process.

Comments Related to HECO's
Reserve Capacity Situation

Pages 4 and 7 of Consumer Advocate's comments
The Consumer Advocate refers to the Company's "alleged" reserve capacity shortfall and requests the Company to provide information concerning the assessment of system needs, the range of feasible solutions, and the types of DSM programs evaluated. The Consumer Advocate also asks how DSM fits into the mitigation of any alleged capacity shortfall.

The reserve capacity shortfall was discussed in HECO's 2005 Adequacy of Supply Report filed March 10, 2005. The Company provided additional substantive information concerning the reserve capacity shortfall situation in numerous responses to information requests in the Company's 2005 Test Year rate case. (See HECO's December 5, 2005 Interim DSM Proposals filing Exhibit C, pages 6-7 which provides a listing of the specific responses.) In addition, the Company outlined the reserve capacity shortfall in Exhibit C of HECO's December 5, 2005 filing. HECO will be filing its 2006 Adequacy of Supply report in March 15, 2006.

Recent events have also demonstrated HECO's reserve capacity shortfall situation. For example, on November 8 and 9, 2005 and January 10, 2006, the Company experienced reserve margin shortfalls. Copies of the press releases are attached.

On November 8, 2005 a number of power plants were out of service for both scheduled and unscheduled maintenance. Just prior to HECO's evening peak, at 4:58 pm Waiau power plant number 10 tripped off-line due to a false fire warning. At 5:54 pm, as demand was increasing, System Operations sent a manual shed signal to about 5,000 water heater switches. At that time they reported seeing the expected 3MW reduction in demand. HECO also started up the distributed generators installed at its Ewa Nui substation and asked for additional assistance from the U.S. Navy owned power plants at Pearl Harbor. At 6:03 pm the problem at HECO Waiau power plant was corrected and it was returned to service. At 7:13 pm, with the return to service of the Waiau power plant and demand decreasing after the evening peak, HECO's System Operations Center sent a restore signal to all water heaters, which started the random restore that was programmed into the RDLC load control switches.

On January 10, 2006 HECO again had a number of power plants out of service for both scheduled and unscheduled maintenance, when one of HECO's largest generating units Kahe 6 tripped off-line at 7:30 am. At the time, the repairs to the power plant were projected to take two days to complete. HECO then sent a press release to local media outlets to ask its customers to conserve energy with particular emphasis during the evening peak. HECO also asked for assistance from the U.S. Navy owned power plants at Pearl Harbor and started up the

distributed generators installed at its Ewa Nui, Helemano and Iwilei substations. HECO also received some assistance from the Tesoro refinery when they started their combustion turbine before the evening peak. However, even with the additional generation, HECO's System Operations sent a manual shed signal to about 6,000 water heater switches at 6:15 pm. At 7:06 pm, with demand decreasing after the evening peak, HECO's System Operations Center sent a restore signal to all water heaters, which started the random restore that was programmed into the RDLC load control switches.

Comments Related to
the IRP Process

Page 4 of Consumer Advocate's comments
The Consumer Advocate states that any planning process must proceed through essential steps to evaluate the need and identify the resources appropriate to satisfy the need. The Consumer Advocate further states that the Company has not demonstrated the need nor outlined the planning process to address the need.

It is HECO's understanding that the Consumer Advocate's comments are in the broader context of the IRP process. Thus, HECO maintains that issues of this nature regarding the appropriateness of the resources selected in HECO's IRP-3 plan, filed October 28, 2005, are best discussed in the IRP docket.

Page 5 of Consumer Advocate's comments
The Consumer Advocate contends that the approach behind the proposed DSM programs appeared to attempt to satisfy all parties in this docket instead of applying the appropriate principles in the planning process.

The IRP Framework allows for the public and parties with diverse opinions and positions to contribute to the process. (See the IRP Framework, section III.E.) Thus, as required under the IRP Framework approved by the PUC, HECO solicited and considered the parties wide ranging views on its DSM programs. If is often difficult to balance the views and needs of diverse groups. Thus, all the parties participating in the IRP process may not view the process as a successful one, as evidenced by the HSEA's comments on HECO's proposed interim DSM program modifications identified in this docket. HSEA contends that customer incentives for solar hot water heaters should be increased. (See HSEA's comments at pages 4-5.) As indicated below, the Company feels that increased customer incentives will erode the cost-effectiveness of these programs and that the need is diminished in the light of Federal tax credits.

Page 5 of Consumer Advocate's comments
"The Consumer Advocate maintains that the Company's DSM programs should be those that derive from clear objectives, and that these objectives should best

serve the needs of the Company and its ratepayers at the lowest reasonable cost." The Consumer Advocate notes that commercial and industrial load management programs may address the need more cost effectively.

The choice of resources is not an "either/or" proposition in which each resource is mutually exclusive of the others. Instead, the Company has been delivering a portfolio of DSM services to its customers. Delivering a portfolio of DSM services significantly increases the likelihood that the results will be attained over time and that undue confidence is not ascribed to one element. In addition, by offering a portfolio of DSM programs, rather than focusing on only a few DSM programs, helps to address a number of issues and stakeholder concerns (e.g., customer equity, mitigation of the rising cost of fuel). Although residential energy efficiency programs are not as cost effective as commercial energy efficiency programs, they do provide consumers the ability to participate in energy efficiency. These programs also contribute to mitigating the current reserve capacity shortfall. In addition, they provide these customers the ability to impact their electric bill by investing in efficiency.

Comments Specific to
HECO's Residential DSM Programs

Page 15 of Consumer Advocate's comments
The Consumer Advocate questions the inclusion of the Company's residential programs in its portfolio of full scale DSM programs. The Consumer Advocate points out the benefit/cost ratio for the Residential Water Heater and Residential New Construction programs are 0.75 and 1.03 respectively, according to the Total Resource Test.

These residential programs are an important part of the Company's DSM portfolio. They contribute to demand and energy savings. In addition, they provide equity in DSM program delivery and provide residential customers with the opportunities to install an energy efficient solar water heating system, thereby providing them the ability to reduce their monthly electric bill. HECO is not requesting interim program modifications to its residential programs. Issues surrounding the residential DSM programs should be discussed along with the other full scale DSM proposals in this docket. See prior comments.

Page 2 of HREA's comments
HREA indicates there significant benefits from the Company's efficient water heater programs and recommends expanded promotion.

The Company agrees and plans to emphasize its residential water heating programs in its 2006 promotion plan.

Page 5 of HSEA's comments

HSEA recommends an increase to customer incentives for solar hot water heaters to increase participations in these programs.

The Company has considered increasing customer incentives for solar hot water heaters. However, increasing the customer incentive will further reduce the cost effectiveness of these programs. Although these programs are an important element in the Company's DSM portfolio, HECO expects that the new federal tax credit effective on January 1, 2006 will accomplish HSEA's objective of increasing solar water heater installations without decreasing program cost effectiveness.

Comments Related to
Lost Margins and Shareholder Incentives

Page 17 of Consumer Advocate's and page 1 of DOD's comments
The Consumer Advocate and DOD raise issues concerning the continued recovery of lost margins and shareholder incentives.

On March 16, 2005 the Commission issued Order No. 21698, bifurcating HECO's 2005 Test Year rate case and separating the DSM programs into the subject Energy Efficiency Docket, Docket No. 05-0069. In Order No. 21698, which opened the Energy Efficiency Docket, the Commission allowed "HECO to temporarily continue, in the manner currently employed, its existing two (2) residential DSM programs, approved in Docket Nos. 94-0206 and 94-0216 and continued in Docket No. 00-0209, and three (3) C&I DSM programs, approved in Docket Nos. 94-0010, 94-0011, and 94-0012 and continued in Docket No. 00-0169, until further order by the commission."

Under the Commission's IRP Framework, approval of DSM programs in general, and the energy efficiency and load management DSM programs in particular, includes approval of the mechanism(s) to be used in recovering program costs (as well as any lost margins and shareholder incentives that are allowed to be recovered). Therefore, an order providing for continuation of the energy efficiency DSM programs, "in the manner currently employed", includes continued recovery of costs using the current mechanisms (i.e., the surcharge for incremental costs, lost margins and shareholder incentives, and base rates for costs currently recovered through base rates). Accordingly, HECO is continuing to recover the DSM program costs, lost margins and shareholder incentives for its currently implemented DSM programs.

In the interest of compromise, HECO is not seeking lost margins and shareholder incentives for its proposed Interim E$H Program. The Interim E$H Program is a new interim program, and is a subcomponent of HECO's proposed full scale

Energy $olutions for the Home Program, which is being proposed as part of the portfolio of DSM energy efficiency programs in the Energy Efficiency Docket. In the Energy Efficiency Docket, HECO is proposing alternative incentive mechanisms (i.e., shortfall in fixed cost contribution and return on program costs). The issue of DSM program cost recovery and incentive mechanisms was bifurcated from HECO's rate case and is to be decided in the subject Energy Efficiency Docket. In the interest of simplifying any potential issues and obtaining the other parties/participants' support for HECO's Interim DSM Proposals, HECO has foregone requesting lost margins and shareholder incentives for its proposed Interim E$H Program.

However, effective September 28, 2005 (the date the interim rates became effective), HECO will terminate recovery through the DSM surcharge of lost margins embedded in the 2005 test year (which would also include the lost margin amounts for the previous 1996-2004 time frame). Thus, the Company will recover this lost margin amount through the DSM surcharge for approximately nine out of the twelve months of 2005. The DSM surcharge will remain unchanged until the Company's 2006 reconciliation of lost margin amounts collected for 2005. The reconciliation will true-up the lost margin amount collected from customers against the actual program results, the amount embedded in the 2005 test year and any other impacts.

Hawaiian Electric Company

NEWS • RELEASE

For more information contact:
Chuck Freedman (808) 543-4440

- For Immediate Release –
3 p.m. January 10, 2006

HECO asks Oahu customers to conserve electricity

(Honolulu, HI): Hawaiian Electric Company (HECO) is asking Oahu residential customers to conserve electricity to help avoid power outages due to problems with several generating units.

HECO has already asked its larger commercial customers to voluntarily reduce electricity use.

Four HECO generating units are offline for scheduled maintenance or emergency repair work. An independent power producer – Kalaeloa Partners – is operating at reduced power levels (slightly less than one-half of the normal capacity).

"Our generation reserve margin is very tight today. The unexpected loss of any other generating unit or a large upward spike in electricity use could result in the loss of power to some of our customers," said Chuck Freedman, HECO spokesman. "We are asking for everyone's *kokua* to conserve electricity as much as possible until the situation improves."

Today, three HECO generating units were already offline for repair and scheduled maintenance work. They are Waiau units #7 and 8 and Honolulu #9. One of two Kalaeloa Partners' combustion turbines was also down for planned repairs. Earlier this morning, HECO's Kahe #6 was taken off line for emergency repairs.

HECO and Kalaeloa Partners are working to repair the generating units as quickly as possible. This condition of tight reserve margins is expected to last at least through Thursday.

"We're working hard to bring all needed units back into service. We appreciate the public's help through electricity conservation. And we will continue to keep you posted through the news media," Freedman stated.

The peak electricity use for residential customers generally occurs on weekdays from 5 p.m. to 9 p.m. Residential customers can conserve by turning off air conditioners, delaying hot showers and dishwashing activities, minimizing cooking until later in the evening, and delaying or minimizing the use of washing machines and dryers until after the peak demand period.

# # #

Hawaiian Electric Company

N E W S • R E L E A S E

For more information contact:
Jose Dizon: 543-7753, 223-9932

- For Immediate Release –
2:00 p.m. November 9, 2005

HECO continues to ask Oahu customers to conserve

Additional steps taken to boost power reserves

(Honolulu, HI) Hawaiian Electric Company (HECO) continues to ask Oahu residential customers to conserve electricity to help avoid power outages due to problems with several generating units.

For the past two days, HECO has issued a call for conservation to all customers, including larger commercial customers, asking for a voluntary reduction in electricity use to help avoid power outages due to lower than normal generation reserves.

Last night, to further increase those reserves during the evening peak, the company:

- Remotely turned off the water heaters of approximately 5,000 residents participating in HECO's EnergyScout program for a brief time, saving an additional three megawatts during the demand peak.

- Put into service over 9 MW from distributed generation units located at its Ewa Nui and Iwilei substations. These small diesel generators were recently added to help provide additional peak power in such emergency conditions.

"We want to thank everyone – both business and residential customers – for pitching in, and we want to get the word out that we need you to keep it up," said Jose Dizon, HECO spokesman. "Our reserve margin remains very tight and will stay that way until we get more units back on line. Until then, the unexpected loss of a generating unit could result in the loss of power to some of our customers."

Two HECO generating units are operating at reduced power levels (approximately one-half of their normal capacity) due to problems encountered over the weekend. (HPOWER, an independent power producer which sells power to HECO, was at reduced output earlier this week, but is now operating at its normal level.)

-- continued --

Two other HECO units are also offline for repair work and scheduled maintenance. In addition, another HECO generating unit was shut down this weekend for emergency maintenance. In summary, out of 19 units on the system, two are operating below capacity and three are out of service entirely for various reasons.

"HECO is working to repair generating units as quickly as possible," Dizon added. "We would like to thank HPOWER for returning their unit to service as quickly as possible and Hawaii businesses and residents for cutting back where they can. We're not out of the woods yet. The duration of this condition of tight reserve margins will depend on how long the repairs take, which could be through the week or possibly longer."

Residential customers can assist in conserving electricity. Turn off air conditioners, other major appliances and lighting in unoccupied areas whenever possible. Minimize cooking and delay hot showers, electric dishwashing and drying and use of washing machines and electric dryers until after the peak demand period from 5 p.m. to 9 p.m. on weekdays.

# # #

NOTE: Energy conservation tips from HECO's Live Energy Lite program are attached.

HAWAIIAN ELECTRIC COMPANY'S TOP TEN ENERGY TIPS FOR OAHU

These Top Ten Tips include simple and low-cost ways that every consumer can use to conserve energy and save money. Hawaiian Electric also strongly recommends solar water heating for long-term conservation and savings. Please call 94-POWER for more information on the HECO rebate and state tax credit for installing solar water heating.

Light with Compact Fluorescents
Changing just one 100-watt bulb to a CFL equivalent, based on four hours use per day, can save 108 kilowatt hours (kWh) a year.

Use Fans instead of Air Conditioners
Two fans, rather than an 8,000 BTUH room air conditioner running four hours a day, will save over 1,150 kWh.

Shorten Showers
Cutting just two minutes per shower could save up to 1,533 kWh per year.

Fix Leaky Faucets
A faucet leaking just one hot water drop per second uses 400 kWh per year.

Wash Clothes in Cold Water
Switching from Hot Wash/Warm Rinse to the Cold/Cold cycle on a standard, top-loading washing machine for just two loads a week can save 225 kWh per year.

Eliminate Energy Sneakers (Phantom Load)
Use a power strip to conveniently turn off computers (after properly logging off), monitors and printers as well as cellular phone, PDA and camera battery chargers when not in use can save 50 kWh per year.

Air Dry Dishes
Letting dishes air dry instead of using heated drying on the average dishwasher saves 110 kWh per year.

No Peeking
Limiting how often and how long you open the refrigerator will save electricity and protect the appliance. Also limit opening the oven while cooking or baking to save electricity, protect the appliance and speed up cooking times too.

Install Motion/Occupancy Detectors indoors and out
Using a motion sensor for outdoor (and bathroom) lighting can save, for example, reducing a single 150-watt outdoor flood light from six hours to one hour per night with saves up to 270 kWh.

Use Energy Star Appliances
When replacing or adding appliances, look for the Energy Star symbol on refrigerators, ovens and dishwashers, as well as DVD and VCR players, televisions and home office equipment. Visit www.EnergyStar.org to learn more.

Save $3 on your electric bill with EnergyScout program

To assist in controlling the peak demand for electricity on Oahu, consider allowing HECO to install a free EnergyScout device on your electric water heater. This allows HECO to briefly turn off your water heater in case of a system emergency, though most people will not even notice it. In return for your participation in the program, HECO will take a $3 per month off your electric bill, even if we do not have to turn off your water heater.